



# P2P Global Investments – Analyst Day

4 March 2016



GLOBAL INVESTMENTS



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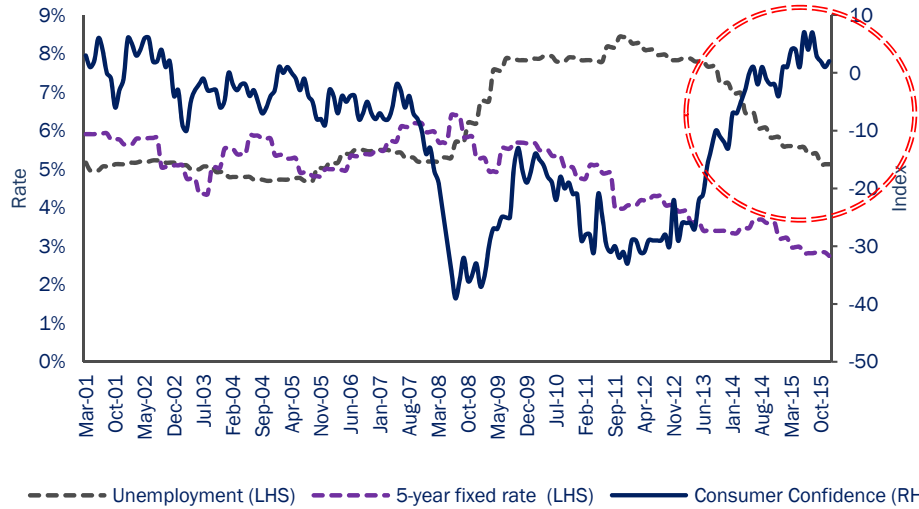


## Macro Trends

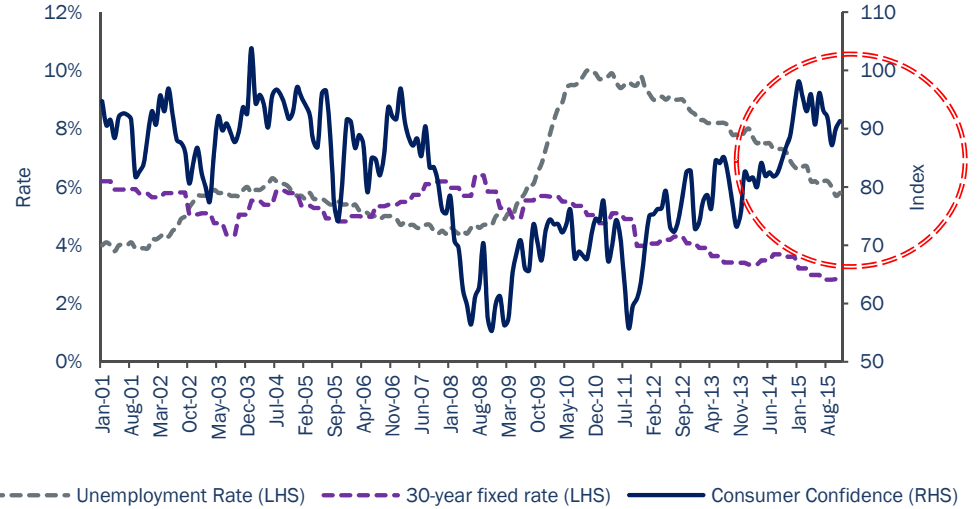
# Unemployment, Consumer Confidence and House Prices



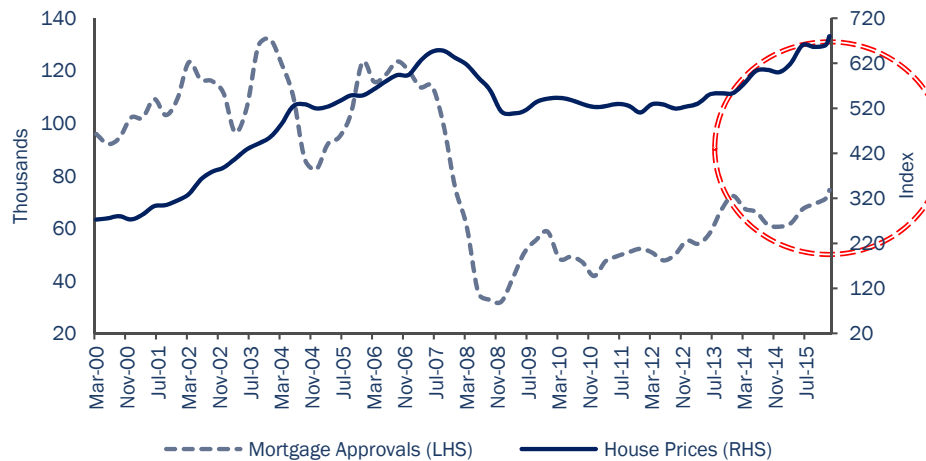
UK Unemployment, Consumer Confidence, 5yr Fixed Rate Mortgage



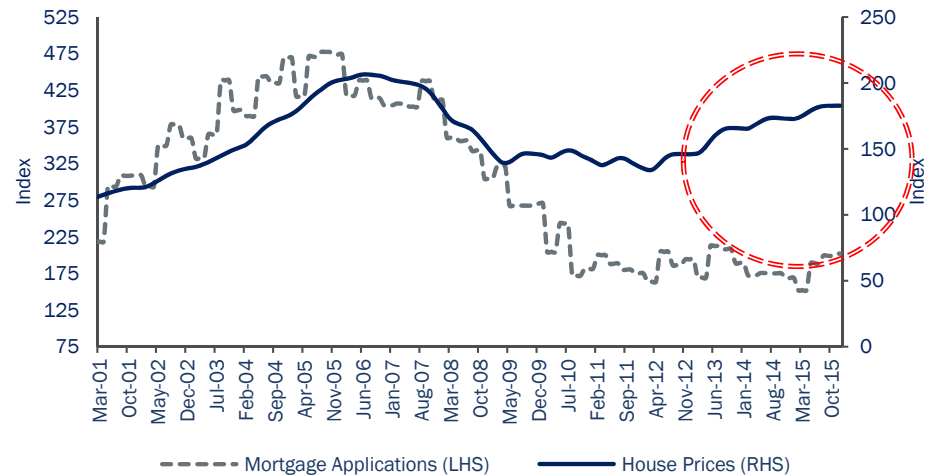
US Unemployment & US Consumer Confidence



UK House Prices, Mortgage Approvals Index



US House Prices, Mortgage Applications Index

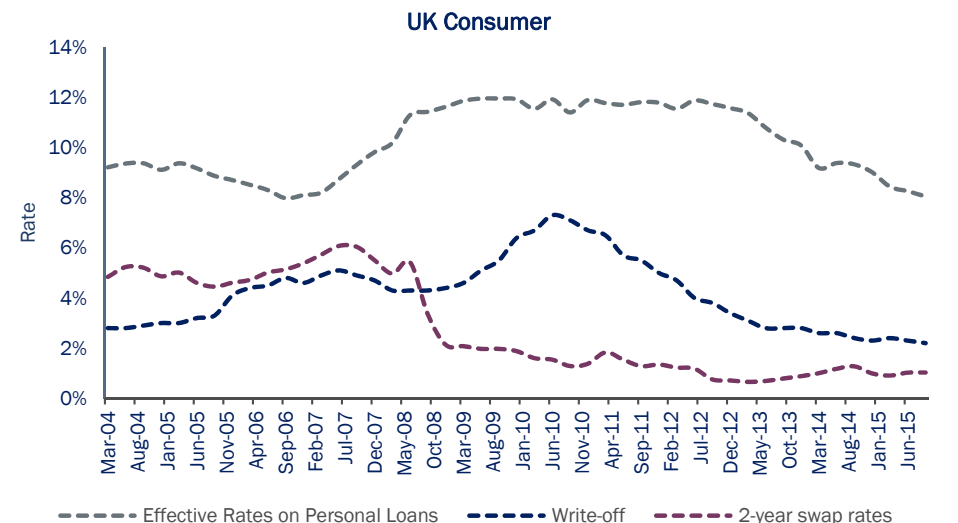
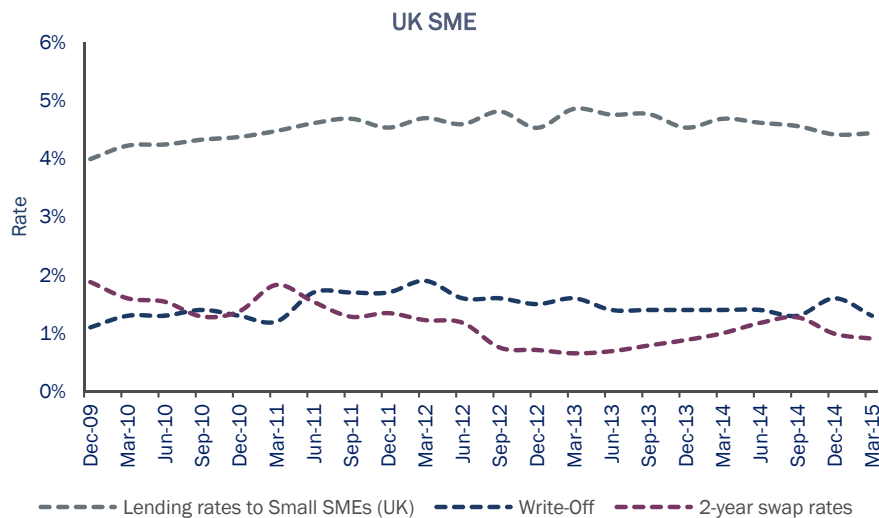
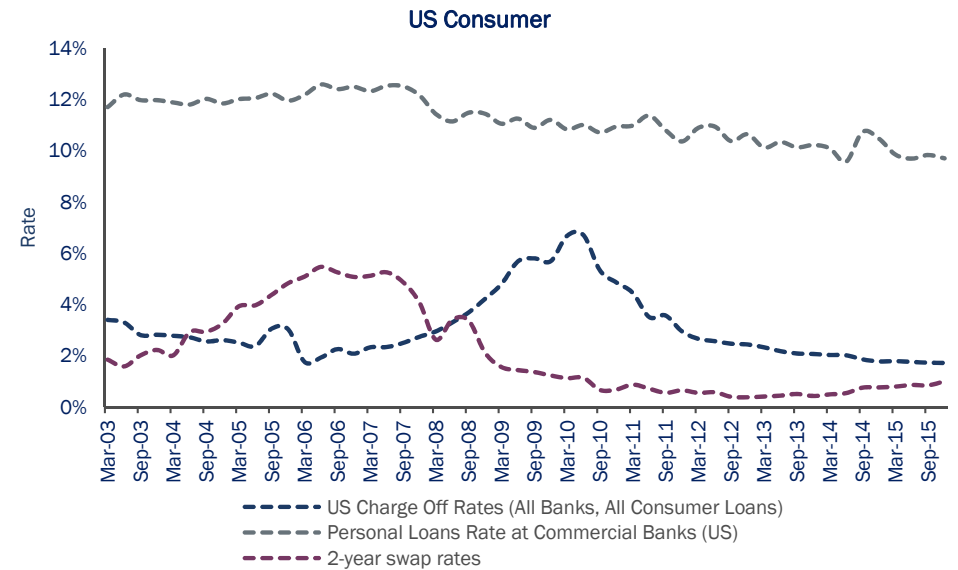


Source: Bloomberg, Bank of England, Federal Reserve, UK HBOS House Price Index NSA, S&P/Case-Shiller Home Price Index NSA, MBA US Purchase Index

# Interest Rates and Delinquency



- Banks' margins on personal loans have been relatively robust over the long term.
- Charge-off rates on personal loans and credit cards across the UK and the US reached all time lows

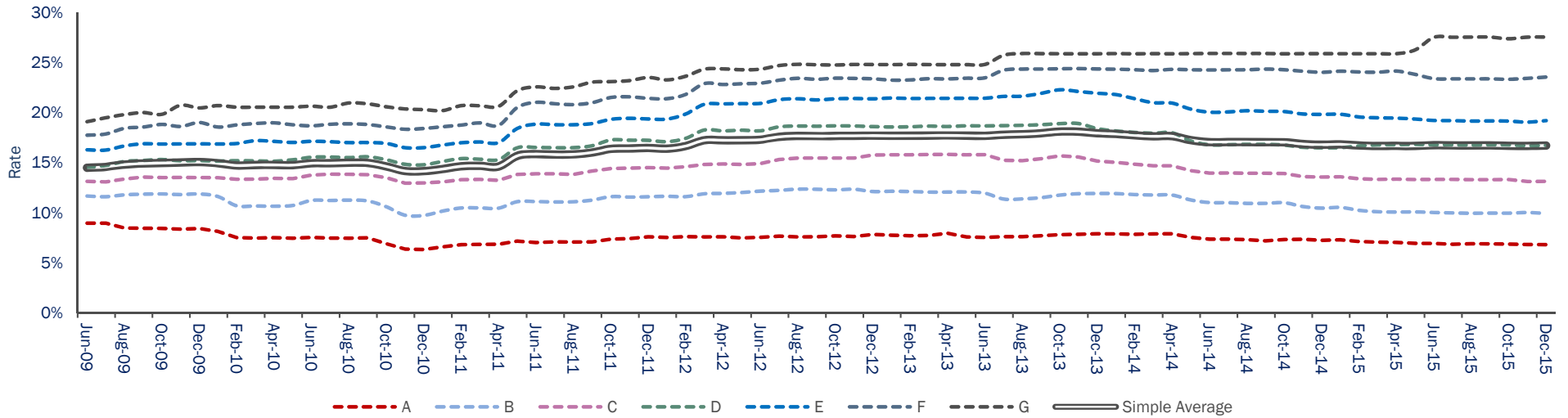


Source: Bloomberg, Bank of England, Federal Reserve

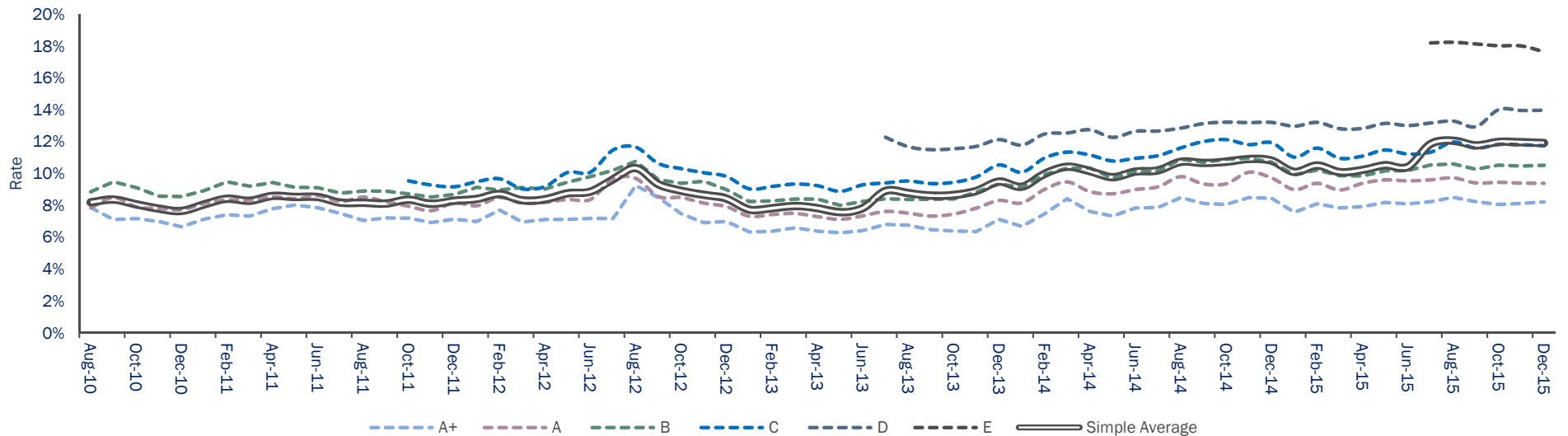
# Marketplace Lending Rates



Lending Club Lender Rates (US Consumer)



Funding Circle Lender Rates\* (UK SME)



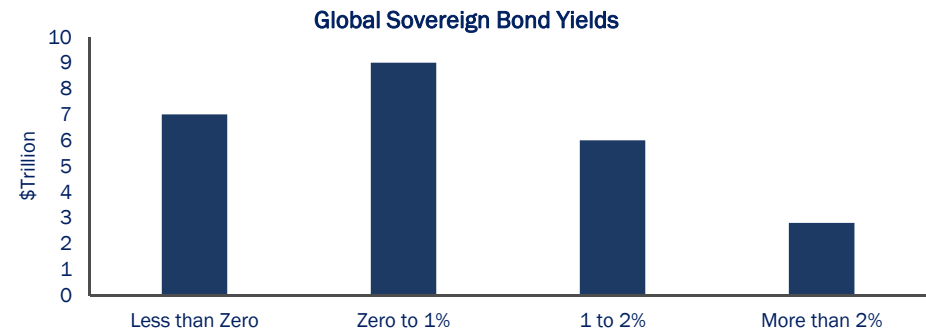
\* Funding Circle introduced higher risk grades (C,D and E) from 2011 to 2015.

Source: Lending Club, Funding Circle

# Traditional Fixed Income Instruments vs Direct & Marketplace Lending



- More than \$7 trillion of sovereign bonds yield sub-zero yields\*
- Traditional fixed income instruments have higher duration and may underperform in a rising interest rate environment



Traditional Fixed Income	Current Returns	Modified Duration	Interest Rate Risk	Credit Risk	Liquidity
Global Investment Grade Corp Index	2.7%	7.7 years	High	Low	High
Global High Yield Corp Index	8.7%	4.0 years	Medium	Medium	Medium
USD EM Composite Index	6.1%	5.8 years	High	High	Medium

Marketplace Lending	Current Returns	Modified Duration	Interest Rate Risk	Credit Risk	Liquidity
Middle Market Corporate Loans	6-9%	3-5 years	Medium	Medium	Low
SME Loans	6-12%	1.5-3 years	Medium	Medium	Low
Consumer Loans	5-15%	1.5-3 years	Low	Medium	Low
Receivables	5-10%	sub 0.5 years	Low	Low	Medium

Source: Bloomberg for Traditional Fixed Income, Eaglewood Europe LLP for Marketplace Lending, Bloomberg Global Developed Sovereign Bond Index

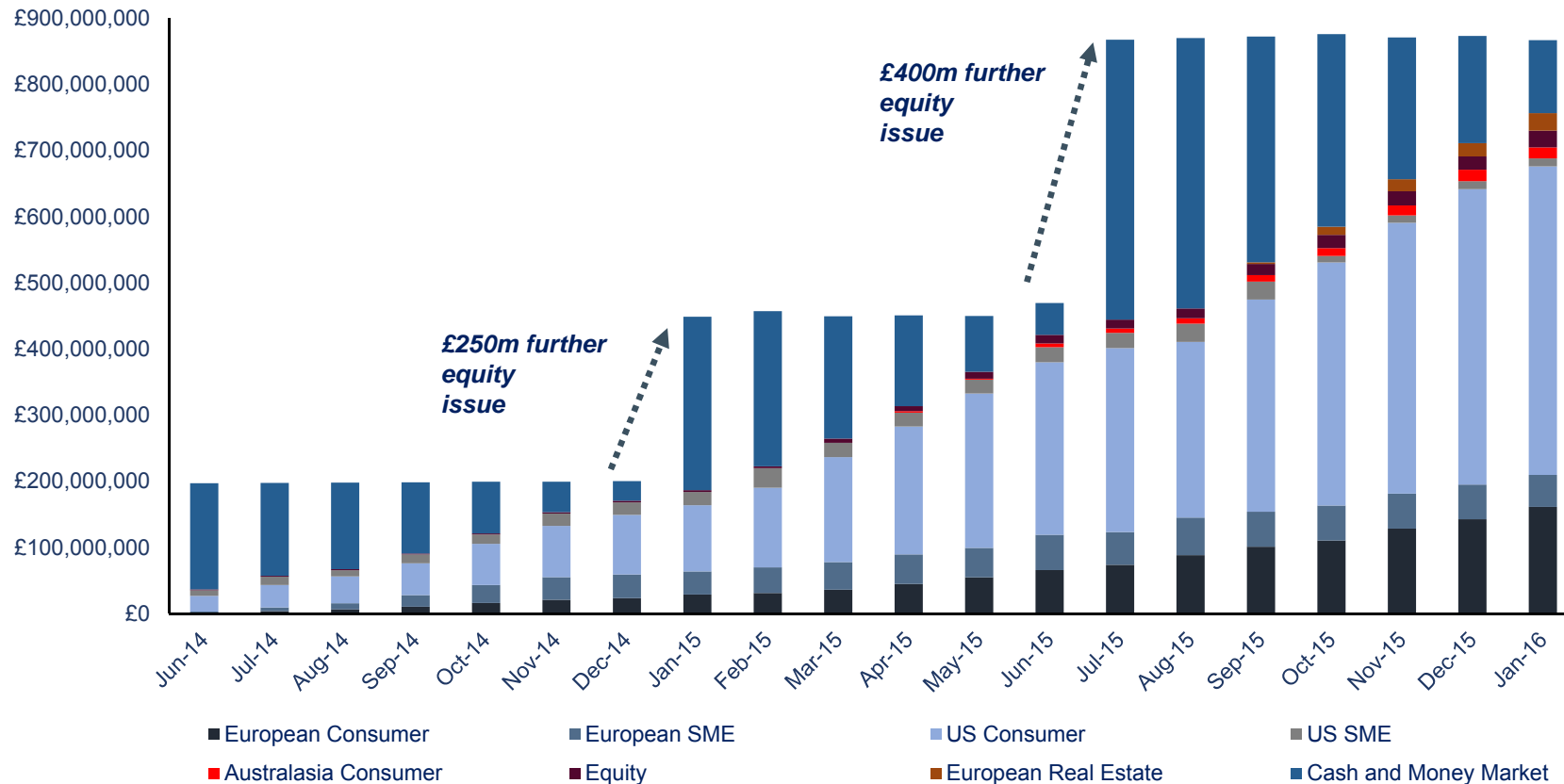
\* Bloomberg - 9 Feb 2015



## P2P GI Performance Overview



# Evolution of P2P Global Investments



<b>Deployment</b>	✓	Successfully achieved deployment targets in IPO and C Share offerings
<b>Diversification</b>	✓	Expanded to 16 platforms; have expanded geographic footprint

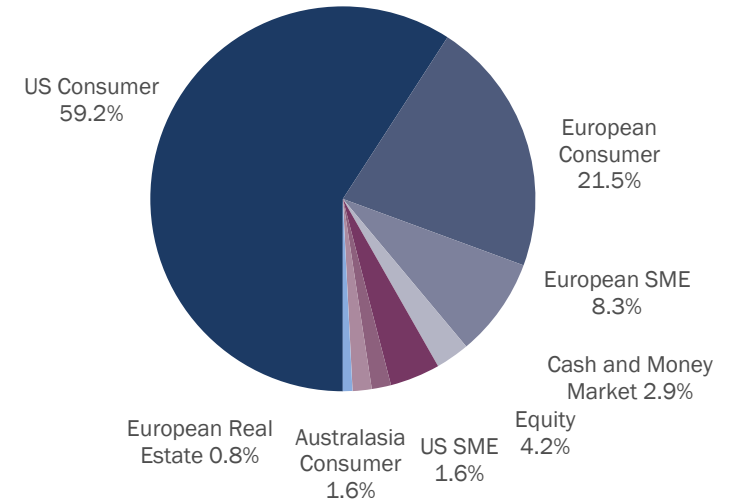
<b>Leverage</b>	✓	2 securitisations and 5 facilities within the group; gradually adding leverage to the portfolio
<b>Dividend</b>	✓	Total 2015 dividend targets achieved

Source: Eaglewood Europe LLP

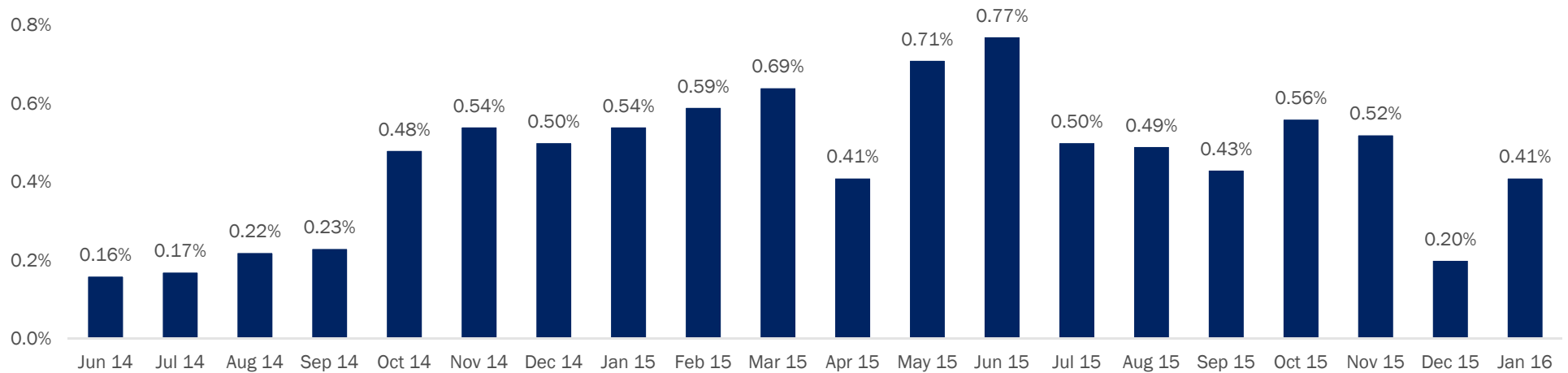
# P2P GI Ordinary Performance Summary – January NAV



	Ordinary Shares
Net Assets (Cum Income)	£469,280,530
ITD Total NAV Return	9.49%
Market Capitalisation	£438,561,140
NAV per Share (Cum Income)	1,003.70 p
Premium to NAV (Cum Income)	-6.55%



Total NAV Return Ordinary Shares



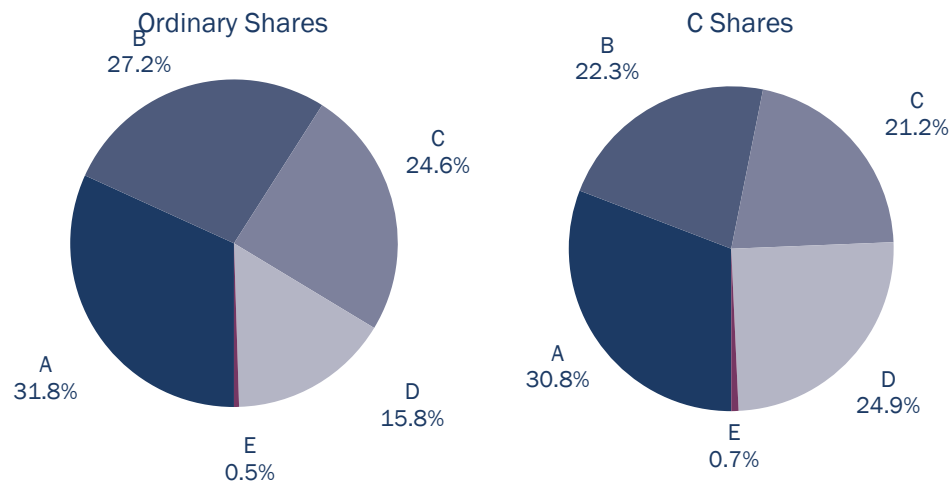
Source: Eaglewood Europe LLP

# P2P GI Portfolio Statistics – Ordinary and C Share

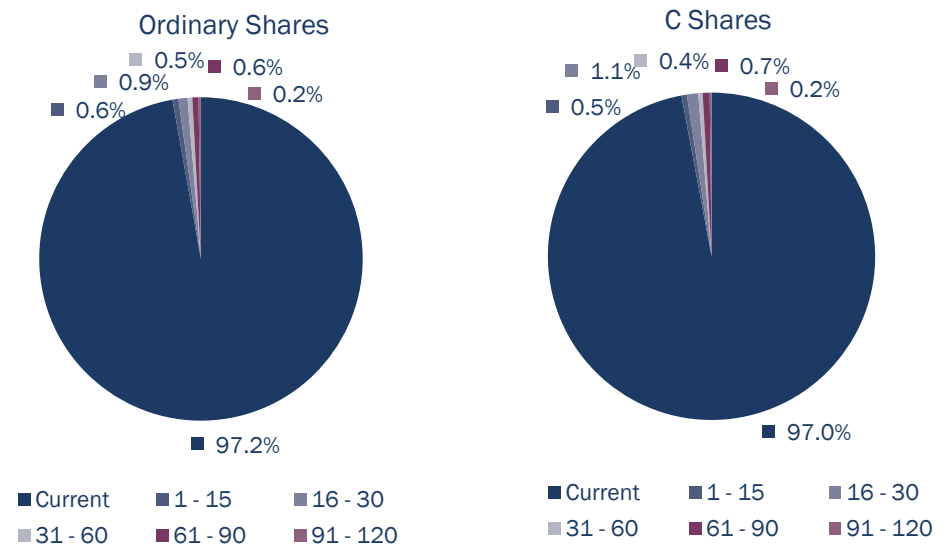


	P2PGI Ordinary Shares	P2PGI C Shares
Number of Loans	107,553	51,426
Average Loan Size	£7,558	£10,388
Weighted Average Term (months)	45.60	42.27
Weighted Average Life (years)	1.79	1.82
Weighted Average Coupon	10.00%	11.31%
Current Target Average Delinquency	2-4%	2-4%
Look-through Debt at Quarter End	£366,319,062	0
Debt to Equity at Quarter End	78%	0

## Internal Risk Categories



## Delinquency Categories



Source: Eaglewood Europe LLP



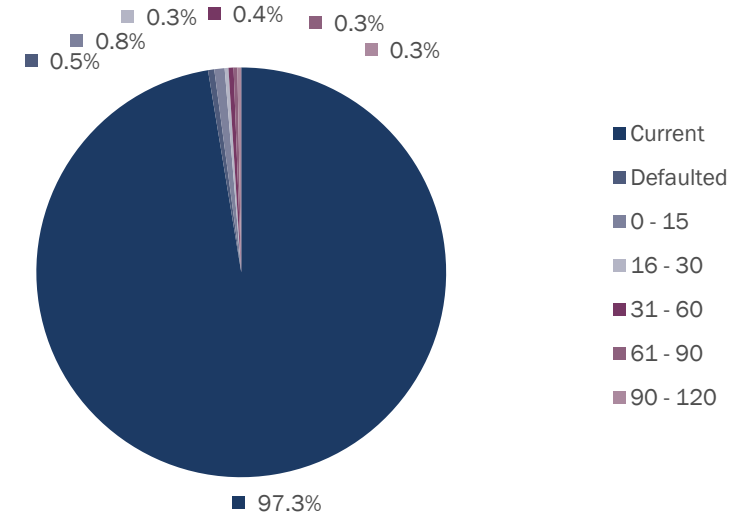
## Loan Book Case Studies

# Case Study – US Consumer Platform Portfolio

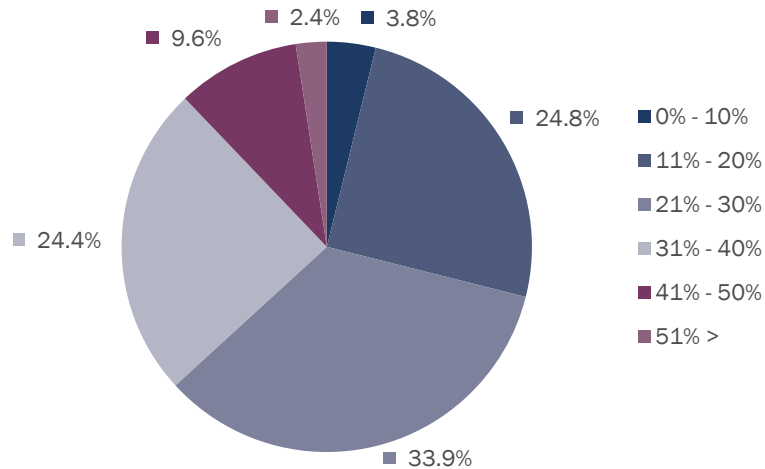


Original Balance:	\$ 286,271,424
Outstanding Balance:	\$ 237,376,798
Number of Loans:	18,248
Remaining WA Term:	39.5 months
Original WA Term:	45.3 months
Original WA Life:	2.1 years
Avg Outstanding Balance:	\$ 13,003
WA Coupon:	12.6%
WA FICO:	709
WA Income:	\$ 91,540
WA DTI:	27%

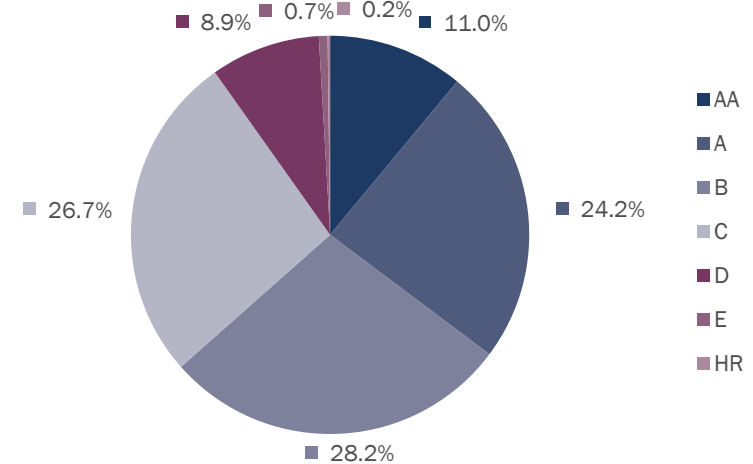
**Performance**



**Debt-to-Income Mix**



**Platform Grade Mix**

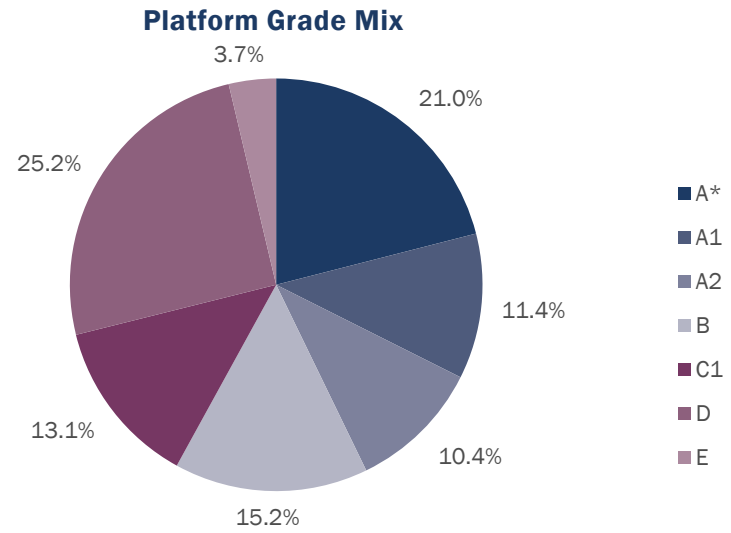
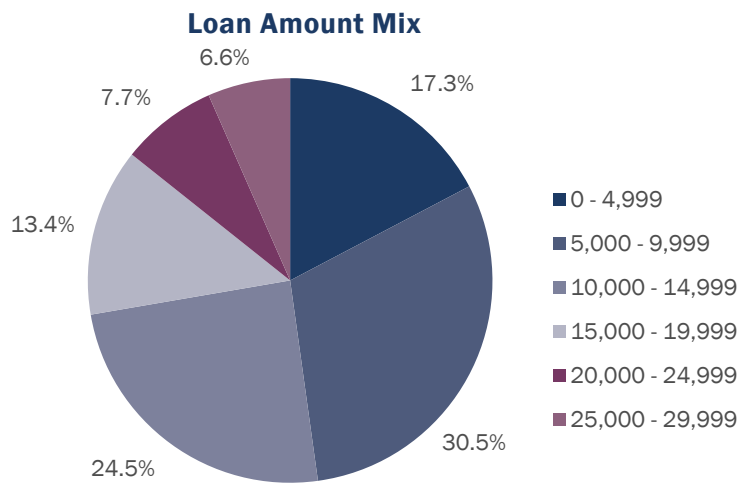
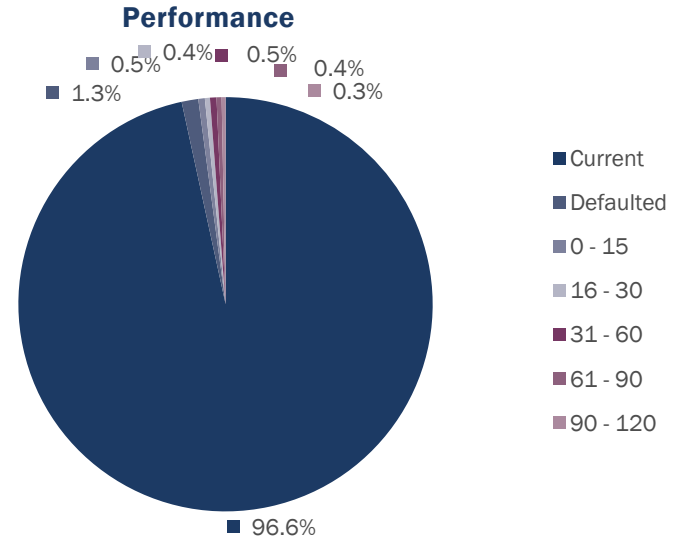


Source: Eaglewood Europe LLP

# Case Study – UK Consumer Platform Portfolio



Original Balance:	£ 301,015,801
Outstanding Balance:	£ 243,632,707
Number of Loans:	42,277
Remaining WA Term:	43.2 months
Original WA Term:	48.0 months
Original WA Life:	2.2 years
Avg Outstanding Balance:	£ 5,763
WA Coupon:	10.2%

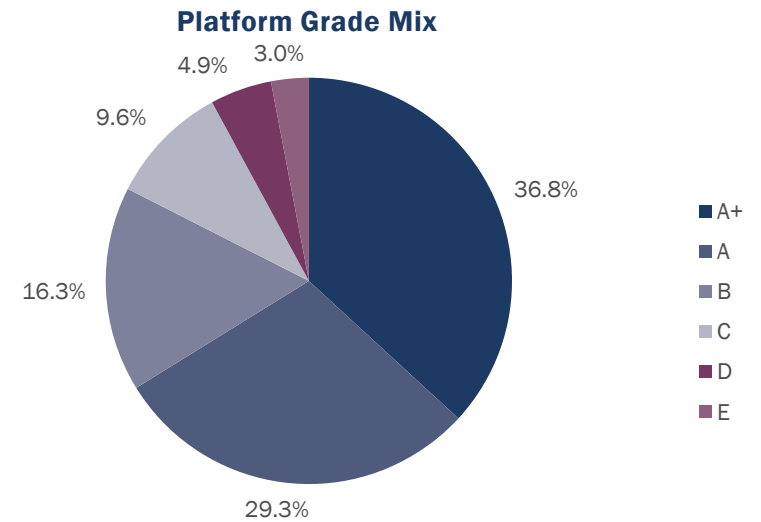
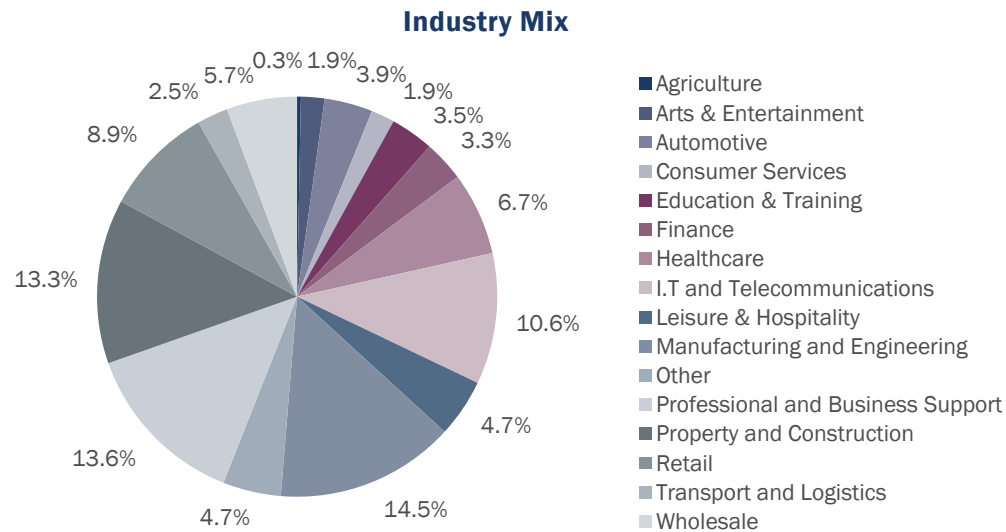
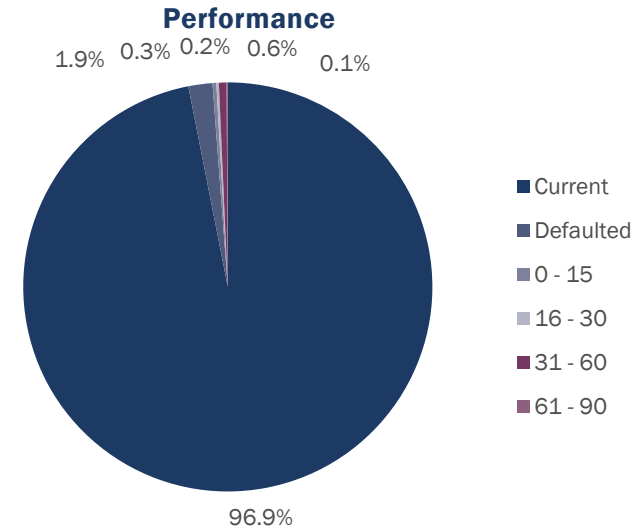


Source: Eaglewood Europe LLP

# Case Study – UK SME Platform Portfolio



Original Balance:	£ 75,597,080
Outstanding Balance:	£ 50,697,823
Number of Loans:	1,039
Remaining WA Term:	39.4 months
Original WA Term:	47.4 months
Original WA Life:	2.3 years
Avg Outstanding Balance:	£ 48,795
WA Coupon:	9.7%



Source: Eaglewood Europe LLP



## Strategic Asset Allocation



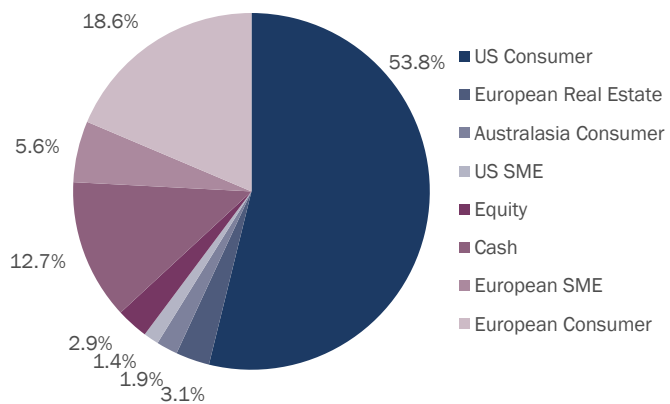
# Portfolio Allocation Strategy



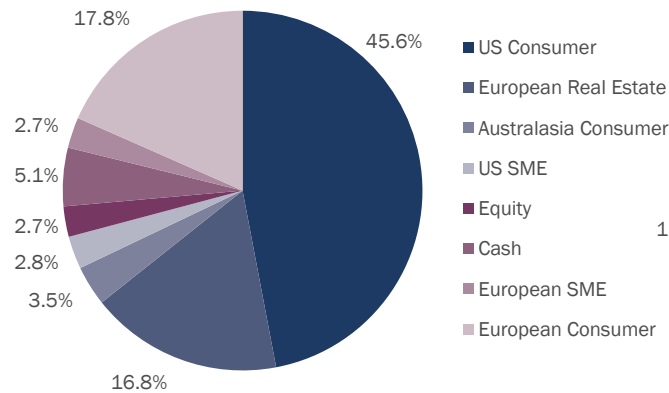
## Portfolio Allocation Plans

- The majority of the P2P GI portfolio is comprised of consumer loans. The manager intends to diversify to other asset classes over time
- Geographically the largest exposures are in the US and UK. The Manager is exploring further diversification over time

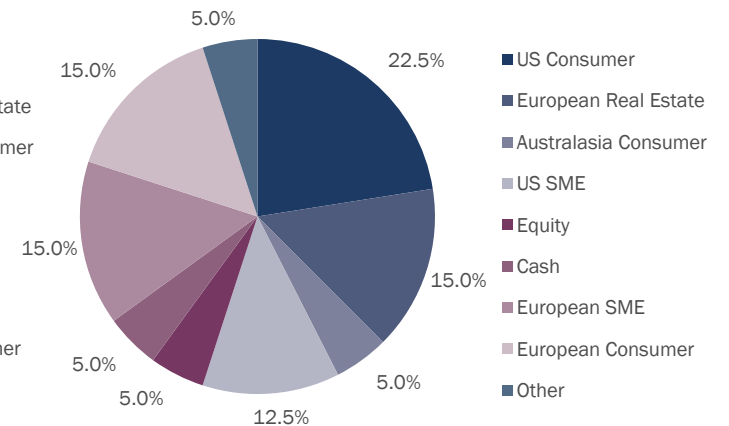
Current Asset Allocation - January 2016



Expected Asset Allocation - December 2016



Strategic Asset Allocation



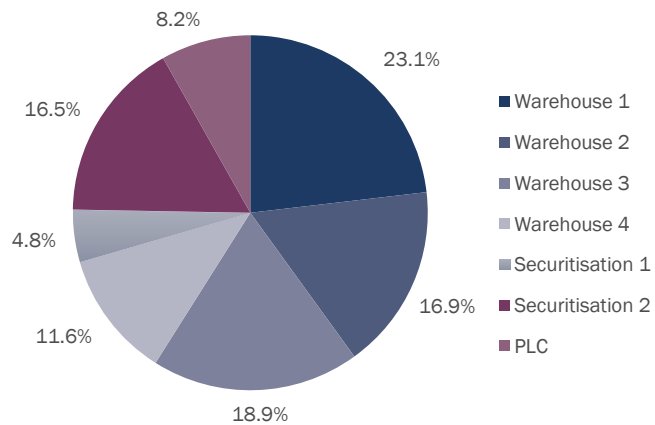
# Leverage Strategy



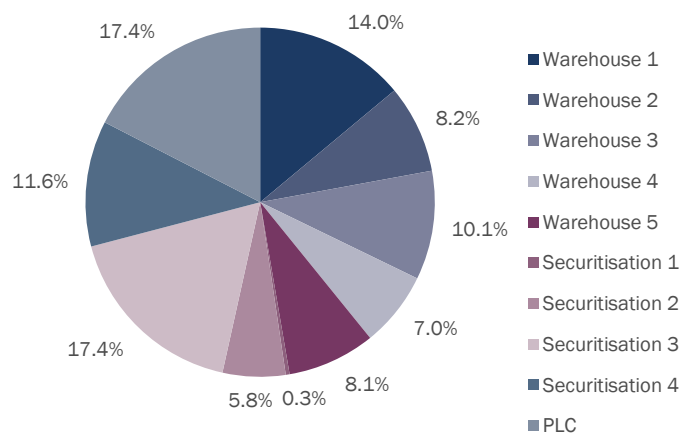
## Leverage Allocation Goals

- Diversify the sources of funding over time
- Increase the stability of funding via matched funding structures
- Reduce the cost of funding over time

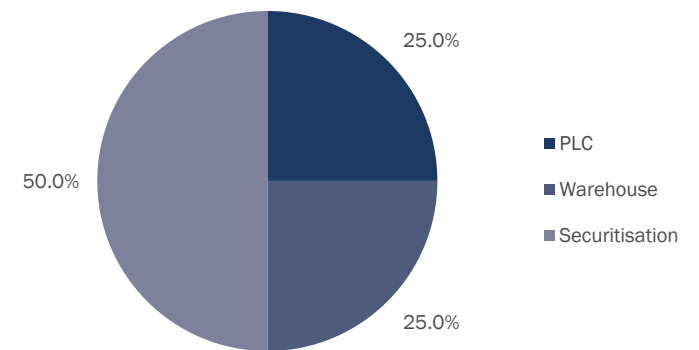
Current Debt Sources - January 2016



Target Debt Sources - December 2016



Strategic Debt Sources - 3 year timeframe



Source: Eaglewood Europe LLP



# Appendix



# MW Eaglewood Overview

## Background

- **MW Eaglewood through its subsidiaries, specialises in direct lending and peer-to-peer investment strategies. Its two subsidiary companies:**
  - Eaglewood Capital Management, a New York-based SEC-registered investment advisor\*
  - Eaglewood Europe LLP, a London-based investment advisor authorised by the FCA
- **MW Eaglewood is a pioneer in the marketplace lending space**
  - First to execute whole loan purchase agreement with LendingClub
  - First to close a securitisation of marketplace originated consumer loans in September 2013
  - First to launch a UK listed investment vehicle dedicated to marketplace originated loans

## Objectives

- Focus on strategies that offer a combination of yield, credit quality and duration while aiming to minimize volatility of returns and correlation to other asset classes
- Utilisation of credit expertise, structuring capabilities and portfolio optimisation embedded in the team’s skill set to deliver attractive risk/return investments to its investors

## Marshall Wace Relationship

- MW Eaglewood is part of the Marshall Wace Group, a group of affiliated investment managers with \$25+ billion in aggregate under management
- As of November 2015, KKR is a minority shareholder of Marshall Wace

## MW Eaglewood Timeline



Notes  
\* Registration with the SEC does not imply a certain level of skill or training

## MW Eaglewood Team



### **Deal Origination and Investments – 8 Individuals**

Team responsible for sourcing transactions, performing due diligence, negotiating terms, undertaking credit analysis and executing deals

### **Operations and Fund Accounting – 6 Individuals**

Team responsible for back office functions, reconciliations, cash management, treasury and NAV reporting

### **Technology – 4 Individuals**

Team responsible for all technological aspects of the business including databases, data reporting, acquisition engines and security

### **Legal and Compliance – 3 Individuals**

Team responsible for legal agreements with originators and service providers and responsible for internal compliance with rules and regulations

### **Risk – 1 Individual**

Chief Risk Officer responsible for portfolio risk monitoring and compliance with investment restrictions and limits

### **Admin – 2 Individuals**

Responsible for all administrative needs of the business including regular reporting / submissions and logistics.

## Key Personnel



### **Simon Champ, Chief Executive Officer (Eaglewood Europe)**

Simon Champ is CEO of Eaglewood Europe LLP (“Eaglewood Europe”). Mr. Champ has nineteen years of front office experience in Equity Capital Markets at Dresdner Kleinwort Wasserstein, JP Morgan Cazenove and Liberum Capital. As a Co-Founder and former Director of Liberum Capital, Mr. Champ has been part of a number of innovative transactions in the equity space and has advised many companies in equity and debt raisings. Simon has been involved in the UK peer-to-peer industry as both an investor and advisor and has built extensive relationships with the leading platforms across the world.

### **Steven Lee, Chief Investment Officer (MW Eaglewood Group)**

Steven Lee is the Chief Investment Officer of the MW Eaglewood Management Limited (“MW Eaglewood Group”) and Eaglewood Capital Management LLC (“the Sub-Manager”). Prior to joining the Sub-Manager, Steven worked for Cambridge Place Investment Management, a London-based hedge fund, as the Global Head of Credit and Research. Prior to Cambridge Place, he worked for UBS in Zürich and as a Research Analyst at Fidelity Investments focused on ABS and corporate debt. Mr. Lee has over 25 years of fixed income investment experience and has invested across several ABS sectors, both in the United States and in Europe. Mr. Lee graduated with an MBA from the University of Chicago and is a CFA charter holder.

### **Abror Ismailov, Portfolio Manager (Eaglewood Europe)**

Abror Ismailov is a Portfolio Manager at Eaglewood Europe. Previously Mr. Ismailov has worked as a Director within Lazard's Structured Credit Advisory group, a Senior Portfolio Manager for Union Investment, a Portfolio Manager at Cambridge Place Investment Manager and held various positions within the Global Portfolio Management Group at Deutsche Bank. In these roles, Mr. Ismailov has been responsible for managing over €3.5bn funds invested in Structured Credit, Real Estate and Private Equity investments. He holds a Master's degrees in Business and Finance from University of Hamburg, University of Nantes and University of Valencia and is a CFA charterholder.

### **Tim Davenport, Chief Operating Officer (MW Eaglewood Group)**

Tim Davenport joined Marshall Wace in 2006, assuming the role of Head of Fund Accounting in January 2007. He was appointed MW Eaglewood group Chief Operating Officer upon creation of the new business in December 2013. Prior to joining Marshall Wace, Mr. Davenport worked in the Fund Accounting team at Brevan Howard and prior to that in the Fixed Income Product Control team at Credit Suisse. Mr. Davenport graduated from Birmingham University with a BEng in Mechanical Engineering, and also holds the FCA ICAEW qualification, having trained with BDO LLP.

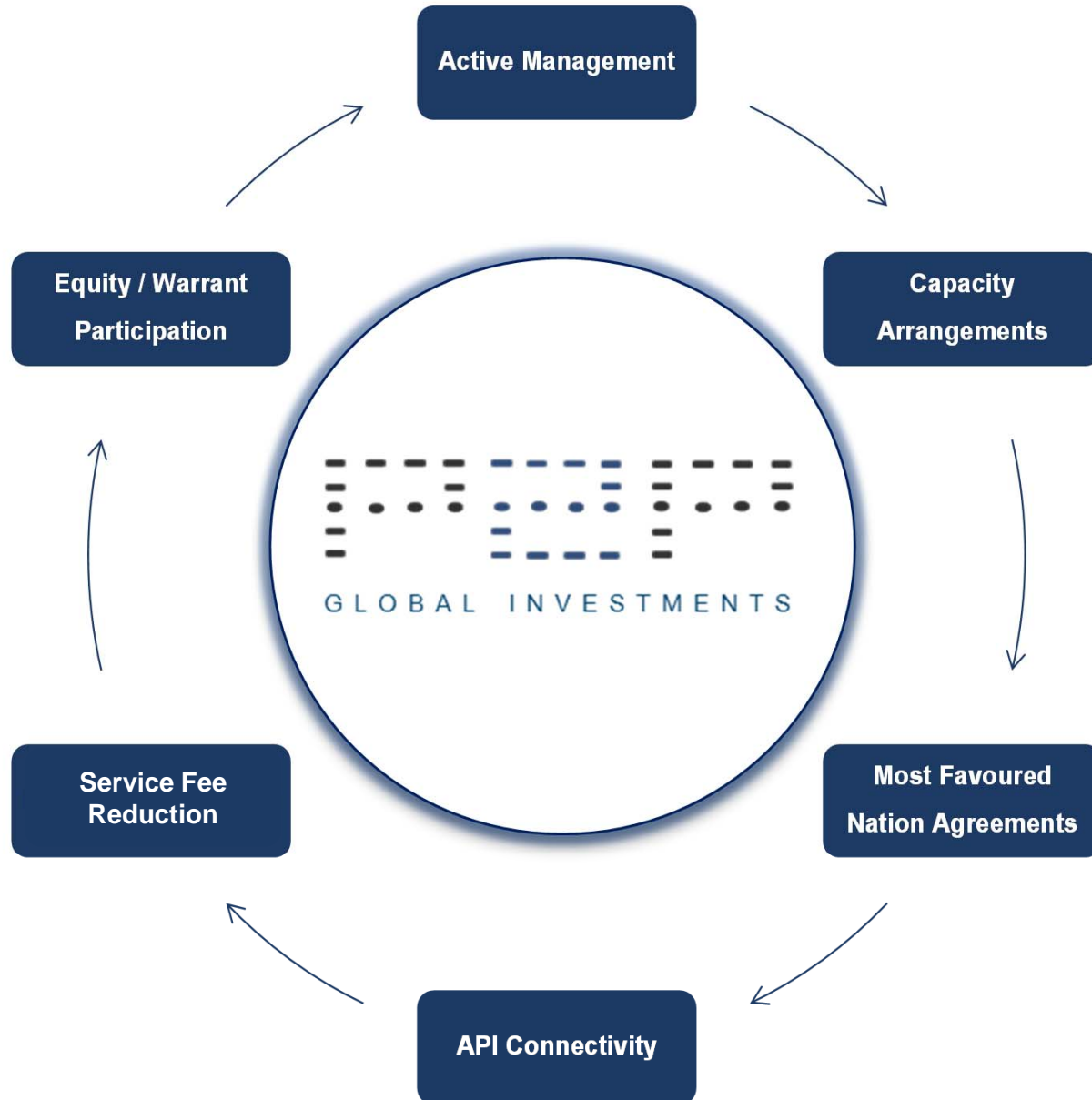
### **Karsten Buecker, Chief Risk Officer (MW Eaglewood Group)**

Karsten Buecker is Head of Risk and Performance Reporting at Eaglewood Europe. Before joining the P2P project team at Liberum in 2013, he was a Quantitative Analyst at Maple Securities, a boutique Canadian investment firm, for over 10 years. At Maple, he modelled relative value trades in credit derivatives and structured products including Basel II reporting, built corporate default models, and developed quantitative equities trading strategies. Dr. Buecker holds an MA and PhD in Pure Mathematics from the University of Cambridge.

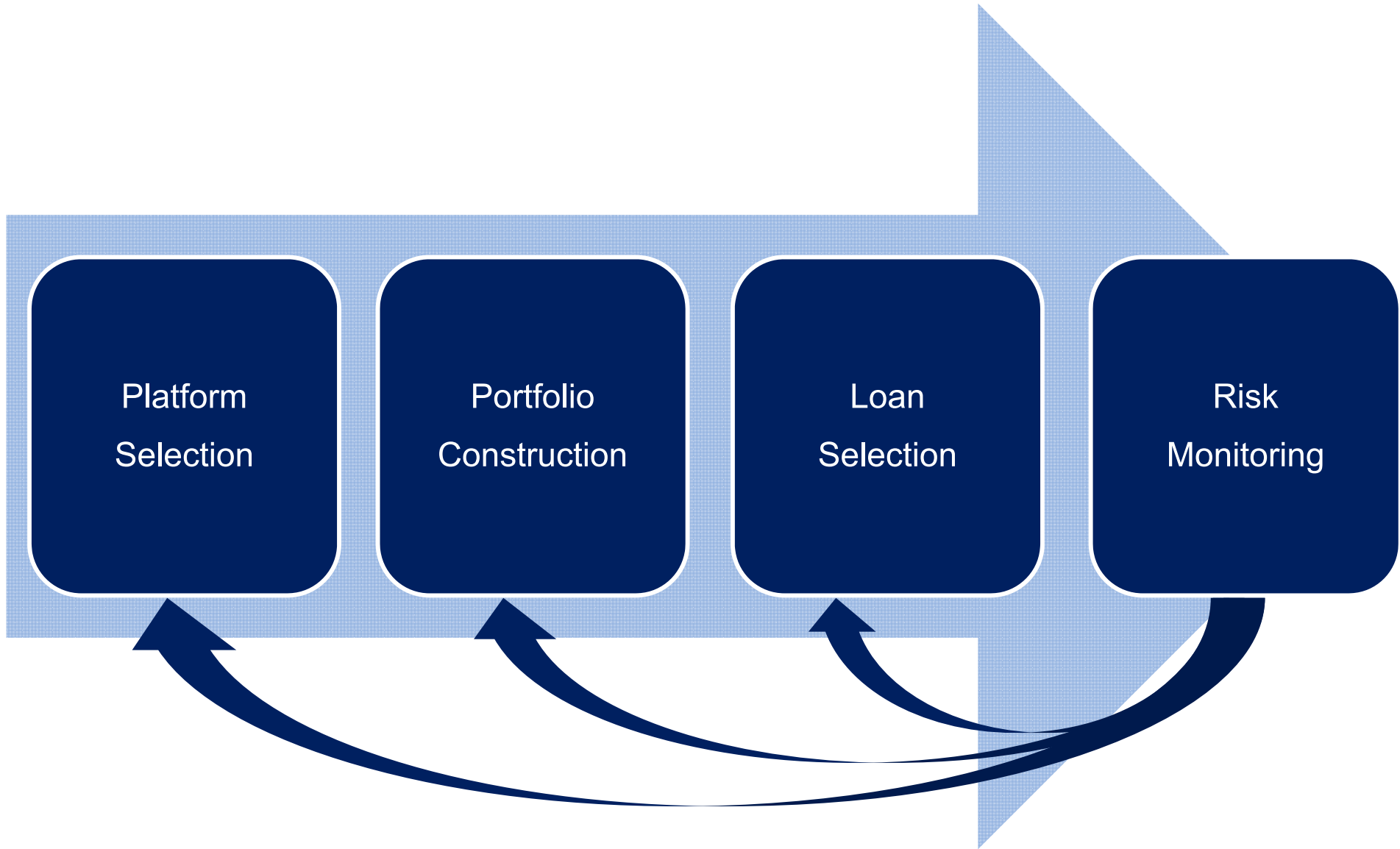
### **Stefan Wolf, Head of Capital Markets (MW Eaglewood Group)**

Prior to joining Eaglewood Capital, Mr. Wolf was Portfolio Manager and Director of Analytics at Silverleaf Resorts. Prior to Silverleaf Resorts, he was a senior credit analyst at Whitecap Advisors. Mr. Wolf is originally from Germany, where he gained experience at Salomon Brothers AG in Global Derivatives and N.M. Fleischhacker AG as an Institutional Sales Trader. Mr. Wolf has over 10 years of credit experience and earned an MBA in Securities Investment at Texas Christian University.

# Investment Process – Value Proposition



## Investment Process – 4 Pillars





## Investment Process – Platform Selection – Due Diligence



### Business / Operational Due Diligence

- Top down analysis of originator's business / financial performance and management team
- Evaluation of originator's positioning, competitive advantage and origination strategy
- Evaluation of operational risk and IT systems

### Credit Due Diligence

- Evaluation of originator's credit expertise, credit scoring model, underwriting policies & procedures
- Vetting of loan pricing, verification procedures and collection / recovery expertise
- Historical gross return and loss analysis; risk banding

### Legal Diligence

- Analysis of loan origination structure and compliance with legal, tax & regulatory issues
- Loan assignment, transferability and enforceability

### Strategic Considerations

- Negotiating forward flow agreements to try to establish fee discounts, MFN status, and other economic considerations that ensure alignment of interests between the platform and lender
- Loan enforceability, back-up servicing arrangements, and leverage considerations

## Investment Process – Portfolio Construction – Overview by Asset Class



## Consumer Loans

- Availability of relatively homogenous data: credit bureau, supplemented by affordability / income data, etc.
- Automated and flexible credit process with auto-decline / auto-approval features and in-built fraud prevention
- Established online originators who typically follow a marketplace model with a proven credit model
- Typically short duration (3–5 year) unsecured loans and low ticket sizes (max £25k)

## SME / Corporate Loans

- Ranging from (a) small ticket (£5k – 100k) unsecured loans at high APRs to (b) medium size (£25k – £200k) loans typically backed by way of personal guarantees and floating charge to (c) large loans typically backed by specific assets (inventory, machinery, land, property etc.), floating charge & personal guarantees
- Underwriting model varies but typically being more manual relying on business and financial data / analysis, supplemented by credit bureau information and in some instances external valuation of collateral
- Several platforms have adopted a balance sheet approach

## Other Loans

- Asset-based lending has characteristics similar to large ticket SME lending
- Lending against receivables has similarities to SME lending with higher reliance on receivable verification

## Investment Process – Portfolio Construction – Other Considerations



## Risk and Return

- Assessment of downside risks by analysing the historical performance of each asset / geographies
- Return potential from the asset class and stability of the return through the cycle

## Tactical &amp; Strategic Asset Allocation

- Overlay correlation, within the asset pool and across asset classes and geographies
- Overlay other factors that may impact shareholder returns & risk (cost of hedging, asset liability spread compression, maturity mismatch, term structure, duration and other factors)

## Leverage &amp; Hedging

- Assessment of suitability of asset return and risk profile
- Analysis of the various debt funding options (structure, term, advance rate, cost, covenants)
- Assess cost of hedging for non-base-currency exposures
- Interest rate sensitivity of the exposure and asset/liability matching in the context of leverage

## Equity Exposures

- Sizing of the equity exposure, valuations, and return potential from a platform

## Investment Process – Loan Selection



### Quantitative & Credit Research

- Identify drivers of defaults to predict default rates (by credit score, affordability, bankcard utilisation, home ownership, etc.)
- Incorporate observations on volatility of performance through the credit cycle and identify the sensitivities of each to macroeconomic variable

### Selection Models / Eligibility Criteria

- Design and adapt algorithms / selection models designed to select specific assets on offer
- Set and continuously adapt eligibility criterion for assets that are to be considered in the portfolio

### Risk-Adjusted Return Optimisation

- Design a loan selection model that aims to minimise default risk and maximise return
- Continuous research in light of availability of new non-traditional data to predict defaults

## Investment Process – Risk Management



Investment Restrictions & Parameters	<ul style="list-style-type: none"> <li>▪ Internal investment restrictions and guidelines maintained and continuously re-assessed</li> <li>▪ Prospectus investment restrictions monitored and reported to Chief Risk Officer (“CRO”)</li> </ul>
Monitoring Tools	<ul style="list-style-type: none"> <li>▪ Real-time updates on loan level performance and pooled performance by asset class &amp; term</li> <li>▪ Daily and weekly monitoring of cash &amp; FX positions</li> </ul>
Reporting & Oversight	<ul style="list-style-type: none"> <li>▪ All major investments &amp; platforms approved by Credit Committee</li> <li>▪ Independent monitoring by CRO who reports to the Management Committee and Board</li> <li>▪ Portfolio and risk reports produced for consideration in committee meetings &amp; Board</li> </ul>
Operational Risk	<ul style="list-style-type: none"> <li>▪ Platform technology and security is tested and vetted by Eaglewood technology group</li> <li>▪ Loan Administration (ie bank account and cash flow reconciliation) performed by Deutsche Bank London</li> <li>▪ Deutsche Bank Luxembourg acts as Depository (ie custody of securities and cash flow verification)</li> <li>▪ Millennium Trust, Bankers Trust and US Bank act as Document Custodian for US Loans</li> <li>▪ UK Loan documents held electronically</li> <li>▪ Citco Fund Services act as Fund Administrator, producing Monthly NAV</li> <li>▪ ISDA Agreement in place with Deutsche Bank London for FX, margining, and Interest Rate derivative trading</li> </ul>

## Discount Management Policy



The Company's board and the investment manager, Eaglewood Europe llp , strongly believe in a disciplined approach to the allocation of shareholder capital. As an important part of that approach, the Company is committed to an active share price discount management strategy which works in the interest of all shareholders. In the first instance, the Company's board and investment manager believe the best defence against the share price trading at a discount to NAV is an attractive dividend paid quarterly driven from the pursuit of attractive risk adjusted returns in loans and equity.

In addition, and as set out in the company's prospectus, the board has a number of other tools available as part of its discount management strategy including a dividend reinvestment plan made available to all shareholders and has the authority to repurchase up to 14.99% of the Company's issued share capital. With regard to repurchasing shares, board may use its discretion during periods of market dislocation to opportunistically buyback shares for its treasury account where it believes such a purchase would be accretive over and above the long term attractions of investing in its loan and equity portfolios and it is in the best long term interest of all shareholders to do so.

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